



Republican Policy Committee

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December 5, 1995

Double-Talk, Double-Standard Disinvestment Strategy Pays for Double-Time Spending **On the Double: Clinton's Disinvestment Strategy**

[For details, see accompanying RPC paper, *Clinton's Disinvestment Strategy: Dishonest and Disingenuous*, 12-5-95]

The Clinton Administration has made use of a very complex double-standard, double-talk disinvestment strategy in order to cover its trail of double-time deficit spending. The points to remember are:

- **Double-Standard.** The Clinton Administration's Treasury Department is manipulating federal retirement funds in a way, if done in the private sector, that would produce civil and/or criminal penalties. The labor penalties include a 20-percent penalty of the amount recovered, a \$5,000 fine, removal of the fiduciary from that capacity, and up to one year in jail for a person willfully violating the law. The tax penalties include a penalty of 5 percent of the recovered amount and up to 100 percent if the plan is not promptly made whole. Interestingly:
 - The Balanced Budget Act that President Clinton has promised to veto would increase the 5-percent tax penalty to 10 percent.
- **Double talk.** At the same time Treasury was pursuing this strategy, Labor Secretary Reich was warning against a similar practice in the private sector and touting strict enforcement where "investigations have led to criminal prosecutions. . ." [11/27/95]
- **Double talk.** Also, at the same time Treasury was pursuing this strategy, Labor Secretary Reich was emphasizing Labor's scrutiny of underfunded pension plans, stating that "protecting Americans' retirement security is one of our top priorities." [11/29/95]
- **Double talk.** Amazingly, the primary retirement fund that Treasury Secretary Rubin is disinvesting (the Civil Service retirement trust fund) is underfunded by \$540 billion, according to CBO.
- **Double time.** The only reason the Clinton Administration is going to such lengths is to avoid balancing the budget and to continue deficit spending in amount of \$200 billion a year for the next 10 years, according to CBO.

- There's a way out, but he won't take it: President Clinton has promised to veto the bill that will balance the budget in seven years and eventually eliminate the need to raise the debt ceiling at all.
- President Clinton has vetoed legislation to temporarily extend the debt limit and remove the need for his disingenuous disinvesting.
- President Clinton has vetoed legislation to prohibit exactly the kind of dishonest disinvestment that Secretary Rubin is practicing today with the federal retiree trust funds.

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